

LDCs should expand export base, improve infrastructure

MCCI suggests reaping benefit from liberalised market

STAR BUSINESS REPORT

The least developed countries' narrow export base, lack of infrastructure and weak technological capacity will stand in the way of reaping benefit from the liberalised access to the world market, a leading local chamber said.

Identifying these impediments the Metropolitan Chamber of Commerce and Industry (MCCI) in its latest monthly publication 'Chamber News' said the LDCs must deal with the issues to have their share in global trade.

"Supply side constraints are at the root of weak participation of least developed countries (LDCs) in international trade," said the chamber suggest-

ing the poor nations to reduce dependence on a few commodity exports.

It said differentiated and more favourable treatment will provide relief to the LDCs, but unless the supply-side constraints are removed there can hardly be an enduring and effective participation of LDCs in global trade.

The MCCI suggested removal of all structural problems in these countries to benefit from the liberalised market. "Developing countries' interest will lie in establishing structures that bias multilateral trade agreements towards development."

It however said efforts are underway in Geneva to establish an approach that

would provide more favourable treatment to the poor and developing countries and address their genuine development needs.

"Special and differential treatment (SDT) should be looked at not just as a compensating tool to help developing countries integrate with the global trade regime, it should also be seen as an input to their development."

The MCCI observed that the current provisions of SDT do not fully reflect the development dimensions of the global trading system. "Moreover, such treatment is subject to costly and time-consuming litigation."

Provisions for SDT should be 'un-

conditional and non-negotiable', the Metro chamber said adding, "the idea of a new bargain for obtaining more favourable treatment should be summarily discarded."

"Preferential schemes such as the GSP should be a part of formal mechanisms for SDT, and their coverage, scope and duration should be determined through objective assessments," the chamber said.

About the difficulties of aspiring members' accession to the World Trade Organisation it said, since 1995 conditions for WTO accession has become increasingly tough for developing countries due to stringent terms.

Six local firms to take part in US IT fair

Six local software companies will participate in the Comdex Fall 2003, the largest IT exhibition in USA, which will be held from November 17 to November 20 in Las Vegas, USA.

The companies are Flora Systems Limited, Millennium Information Solution Limited, Fornix Soft Limited, Wizard Incorporation, LeadSoft Bangladesh Limited and Technohaven Company Limited, says a press release.

Secretary General of Bangladesh Association of Software and Information Services (BASIS) Mustafa Rafiqul Islam will lead the team as convener.

In this regard a meeting was held in Dhaka between Export Promotion Bureau (EPB), BASIS and the participants of the exhibition on Monday.

The objective of participation is to attract potential business process outsourcing (BPO) and software development export opportunities.

Booth rental and decoration of Bangladesh pavilion in the exhibition have been arranged by BASIS and EPB. ICT Business Promotion Council (IBPC) provided financial assistance.

Cell to monitor divested enterprises by mid-04

Move to improve financial performances of ex-SoEs

M ABDUR RAHIM

The Privatisation Commission will set up a monitoring cell under a World Bank-sponsored project to oversee the performances of denationalised enterprises and help them become profitable concerns.

The cell expected to be formed in mid-2004 will arrange loans for the privatised enterprises at lower interest rates to help them improve their financial performances and get rid of inherited liabilities.

Under the guidance of a consultant, the monitoring cell will look into matters relating to trade unionism, worker-employer relationship, quality of products, salary of workers and also help resolve their problems.

The World Bank will provide \$1 million for capacity building of the commission and formation of the monitoring cell is part of the capacity building that also includes improving

management of the companies. The four-year project will focus on developing private-public partnership in privatisation process through various activities of the cell.

Apart from the Privatisation Commission, the umbrella WB programme titled 'Enterprise Growth and Bank Modernisation Project' also covers Bangladesh Bank and Bangladesh Export Processing Zones Authority.

"Although a provision is there in the Privatisation Act to have a monitoring cell, the commission could not set up it because of manpower crisis and required fund," a high official of the commission said yesterday.

"Only a few of the 80 staff in the commission are engaged in executive jobs. With the help of the WB project we will be able to overcome manpower crisis," he said.

The commission official said while overseeing post-sale situation of the

denationalised enterprises the monitoring cell would find out their problems, suggest remedies and see whether they are making profit.

As mostly loss-making state-owned enterprises (SoEs) are privatised, the commission should help the buyers avert losses by arranging soft-term loans and solve other problems so that future buyers feel encouraged to take over government concerns, he said.

Citing instance, he said Malaysian government provides loans at zero per cent interest rate to SoE buyers to better economic health of the divested companies. India provides loans at 5 per cent interest to SoE purchaser.

"But in Bangladesh, instead of offering incentives government shows perfunctory attitude to buyers and there is no communication between seller and buyer after hand over which breeds a negative impression about privatisation," he said.

New MD of Trust Bank



Iqbal U Ahmed has been appointed managing director of The Trust Bank Limited recently, says a press release.

Prior to this appointment, he was the deputy managing director and managing director (current charge) of the bank.

Ahmed started his banking career by joining Agrani Bank in 1973. Later, he joined the Arab Bangladesh Bank Limited in 1983 and served for 20 years.

BSB earns Tk 79cr net profit

BSS, Dhaka

Bangladesh Shilpa Bank (BSB) earned a net profit of Tk 79 crore during the 2002-2003 financial year, according to a press release.

This was disclosed at the 17th annual general meeting of the BSB held yesterday at the bank's head office with BSB Chairman Prof Abu Ahmed in the chair.

M Ziaul Haq, managing director (current charge) of the BSB, informed the meeting that the bank financed 24 projects during the last financial year. He said these projects are expected to create employment opportunities for about 4,000 people.

He said the bank has set up recovery and loan sanction targets of Tk 150 crore and Tk 200 crore respectively for the current financial year. The Bank could bring down its classified loans from 64 per cent to 59 per cent, he added.

Thai auto sales rise 30.6pc

AFP, Bangkok

Thailand's domestic vehicle sales rose 30.6 per cent from a year earlier in the first 10 months of 2003 on the back of the booming economy, the industry said Wednesday.

Vehicle sales from January to October soared to 425,425 units, while October recorded sales growth of 23.2 per cent year-on-year with 46,173 units, industry statistics compiler Toyota Motor (Thailand) said in the statement.

"The auto sales in first 10 months rose 30.6 per cent when compared to the same period last year, showing Thailand's economic progress," it said.

Japan's giant auto-makers Toyota, Isuzu and Honda accounted for 73.2 per cent of the total Thai domestic vehicle market for the first 10 months of the year.

Toyota also led in passenger car sales for October while Isuzu led in pick-up truck and commercial cars sales.

The industry in July revised its projected sales for 2003 to 500,000, up from 470,000 units. If those figures are realised it will be the first time it has reached that level since the 1997-1998 Asian financial crisis.

Dhaka-Hanoi joint efforts to help capture world market

Vietnamese DPM tells visiting FBCCI team

UNB, Hanoi

Bangladesh and Vietnam being at a similar stage of economic development, Vietnamese Deputy Prime Minister Vu Khoan yesterday said the two countries could launch a joint effort to have market in other parts of the world.

"We can go in many fields together to get markets in other places together," he told a delegation of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), now on a weeklong tour of three Southeast Asian countries, looking for business prospects.

"Both Bangladesh and Vietnam are developing countries and that's the reason I see less possibility in making direct investment by each other. But still there is huge potential from where both the countries can be benefited," he told the trade mission.

Bangladeshi diplomats and trade officials who have carried out a detailed study for past one and a half years on Dhaka-Hanoi economic relations and

prospects said one of the possibilities could be joint venture with sustainable technology.

FBCCI President Abdul Awal Mintoo, who led the business delegation, told the Vietnamese DPM that the two friendly countries should find ways together so that they could cooperate in facing trade barriers imposed by the bigger countries.

In response to a call from Vu Khoan for help in getting WTO membership, the chief of the apex trade body said he would take up the matter with Bangladesh's Prime Minister, Foreign Minister and Commerce Minister.

Mintoo, however, urged the Vietnamese Deputy Prime Minister to support Bangladesh's move to be a dialogue partner of ASEAN (Association of South East Asian Nations).

Bangladesh Ambassador in Vietnam Ashraf-ud-Doula also spoke at the meeting in the conference room of the Prime Minister's Office in the afternoon. Senior Vietnamese government officials

were present.

With a monument of Vietnam revolution leader Ho Chi Minh on the backside, the Vietnamese DPM elaborated on various reform measures undertaken in the socialist state, saying good-bye to controlled economy and welcoming the market economy under the Communist Party's 'Doi Moi' (renovation) policy.

"Earlier it was a centrally controlled economy. Now we shifted to market-oriented economy. Once we had 12,000 state-run companies and corporations and now the number came down to 5,000. It will be reduced further," he said, referring to massive denationalization in Vietnam.

DPM Khoan told the FBCCI delegation that political relations between the two countries had always been excellent—but not the economic ties. As he put emphasis on 'south-south' cooperation, he also underlined the need for strengthening the economic ties between Dhaka and Hanoi.

Bangladesh fair begins in Paris today

UNB, Dhaka

A 3-day fair titled "Bangladesh Single Country Exhibition-Paris" begins in Paris today.

Commerce Minister Amir Khosru Mahmud Chowdhury and his French counterpart will jointly inaugurate the fair.

France Chamber of Commerce and Industry of Paris, the largest chamber of France with some 3 lakh members, organised the fair in co-operation with France-Bangladesh Chamber of Commerce and Industry.

A total of 28 business organisations will take part in the fair. Various types of Bangladeshi goods, including garments, leather, leather goods, bicycle, IT software, home textile and frozen foods will be put on display in the fair.

The Bangladesh Commerce Minister left here for Paris Tuesday night.

He will meet the Commerce Minister of France and discuss various issues of bilateral trade and investment, said a PID handout here.

Singer holds lucky coupon draw

Ashrafur Islam, a resident from Dhaka's Mirpur area, has become the winner of a sales campaign conducted by Singer Bangladesh Limited.

Islam, whose coupon number is 17925, will soon get a car from Singer. The draw, telecast live on Channel i, was held in Dhaka yesterday, says a press release.

Singer Bangladesh Ltd organised the two and half-month long campaign that concluded on September 30. During the campaign, anyone buying Singer products worth at least Tk 3,000 received a coupon.

Repo auction

UNB, Dhaka

The Repo auction of Bangladesh Bank for commercial banks and financial institutions was held here yesterday.

Six bids of 1-day tenor amounting to Tk 224.24 crore were received and accepted.

The rate of interest against the accepted bids ranged from 4.75 per cent to 4.52 per cent per annum, said a Bangladesh Bank press release.

Call money rate steady

BSS, Dhaka

The call money rate was steady in thin inter-bank money market yesterday, as the demand was lower from private sector, fund managers said.

The rate touched to its inter-high high at seven per cent yesterday and in most deals, ranged between three per cent and 6.5 per cent, fund managers of leading commercial banks said.

The call money rate remained very low in line with the central bank's monetary policy to force banks to cut their interest rates.



Stephen Daintith, managing director of British American Tobacco Bangladesh (BATB), hands over the first consignment of exportable vegetables to Md Moinal Islam Chowdhury, managing director of Eurasia, at a function at BATB's Manikganj office on Sunday.

Eurasia to export vegetables grown by BATB farmers

A local food manufacturing and processing company, Eurasia, is going to export vegetables grown by the contract farmers of British American Tobacco Bangladesh (BATB).

Stephen Daintith, managing director of BATB, on Sunday handed over the first consignment of three tonnes of vegetables to M Moinal Islam Chowdhury, managing director of Eurasia Food Processing (BD) Ltd, at BATB's Manikganj office.

Eurasia, a UK-Bangladesh joint venture company which ordered a total of 100 tonnes of vegetables, will export the produce to the United Kingdom, says a press release.

"This initiative is certainly not a business diversification, rather a step forward to support the country's growing expectation of exporting quality vegetables," said Daintith.

In June this year, BATB signed an agreement with Agro-based Industries

and Technology Development Project-II (ATDP-II) to assist the farmers of Bangladesh in producing quality vegetables.

Having more than 14,000 contract farmers and many business managers with a strong agricultural knowledge base, the company is working closely with selected farmers to improve the quality of vegetables.

Eurasia has a modern plant near Dhaka where vegetables supplied by BATB will be processed and packed before export. The plant is equipped with computerised racking and tracking facilities along with freezing facility.

"We have taken the hardest step, which is to provide our farmers with skills to produce quality vegetables, access to new market, and of course, a fair price for their production," said the BATB managing director.

Dollar firm against taka

BSS, Dhaka

The US dollar gained some grounds against the Bangladesh taka in inter-bank trading yesterday on higher demand from importers driven by the Eid shopping, dealers said.

But the US unit was steady to a little softer against the yen and Euro in Asian trade, with market players keeping a watch on the Japanese stock market after its heavy losses on Tuesday, dealers on online trading said.

The dollar touched its high at Tk 58.4800 per unit and ranged between Tk 58.4650 and Tk 58.4750 in most deals compared to Tuesday's range between Tk 58.4450 and Tk 58.4575, dealers of different commercial banks said.

Dealers said the demand for the dollar was strong importers on the occasion of Eid to be celebrated this month. Traders are importing foreign

fashionable goods to meet the growing consumers' demand in Eid-shopping.

Eid shopping is getting momentum day by day all over the country. Peoples spend their savings and bonus money this time to buy gifts for their near and dear's one on the occasion of this holy occasion.

Traders are also importing essential items like onion, oil and food grains from the neighbouring states to meet the rising demand in the local markets that pushed the prices of most essential items up in recent days.

The US unit traded at 108.72-75 yen in early inter-bank trading, a little changed from 108.75 yen in New York late Tuesday, dealers said.

In the absence of fresh factors, market participants are looking at the Japanese stock market for the next move, they said.

Bush may consider lifting steel tariffs amid pressure

REUTERS, Washington

Under pressure from many of his top advisers to lift tariffs on steel imports, US President George W Bush may be moving in that direction to avert a trade war with Europe, Republican sources and analysts said Tuesday.

That could spark a political backlash from steel makers and workers in next year's presidential election.

The White House said no decisions have been made and officials have not publicly ruled out the possibility that the administration could flout the World Trade Organisation by keeping the tariffs in place.

Administration sources said Bush, who came to office championing free trade, has begun final deliberations and could make his decision as early as next week.

Republican sources and analysts say the administration appears to be leaning toward removing -- or at a minimum scaling back -- protections for US steelmakers for a host of reasons, not the least of which is the EU's threat to retaliate on \$2.2 billion of American exports.

"I believe that's a distinct possibility given what the WTO seems to be saying," said Vin Weber, an influential Republican lobbyist who was among those representing the US steel industry during the fight to impose the tariffs.

The WTO's highest court ruled on Monday that US steel duties violated international trade laws, and the European Union has threatened to retaliate by mid-December if Washington refuses to back down.

The goods targeted for sanctions are designed to have a political as well as economic impact as Bush seeks a second presidential term next year. One group is citrus products from Florida, where Bush's brother is governor and which was the key to the president's 2000 election win.



Syed Nurul Amin, managing director of One Bank Limited, and AMM Farhad, regional director for South Asia of Placid Express, a US-based money transmitter company, sign a service agreement on Sunday in Dhaka. Under the deal, Placid Express will send money of Bangladeshi expatriates in the US and Canada to Bangladesh through One Bank.

ADB approves \$3m for farm research

Bangladesh rice, fish to get boost

STAR BUSINESS REPORT

The Asian Development Bank (ADB) on Tuesday approved US\$ 3 million regional technical assistance (RETA) grant to fund four agriculture-based researches in 14 Asian countries, including Bangladesh.

These researches will be carried out at a total cost of US\$ 8.4 million to fight poverty, improve the livelihood of farmers, and boost food security in those countries, said an ADB release received in Dhaka yesterday.

Three Consultative Group on international agriculture research centres--International Rice Research Institute (IRRI), World Fish Centre, and International Center for Agriculture

Research in the Dry Areas (ICARDA)--will finance US\$ 3.4 million and rest of the money will be financed by national agriculture research and extension systems of those countries.

According to the ADB release, the IRRI, headquartered in Philippines, will develop cropping systems and technologies to stabilise and increase rice productivity in a range of unfavourable monsoon-dependent rice environment in Bangladesh and six other Asian countries.

The other countries are India, Indonesia, Laos, the Philippines, Thailand and Vietnam.

World Fish Centre, headquartered in Malaysia, will test and demonstrate genetically improved carp species -- the

most important fish in aquaculture -- to fish farmers, hatchery managers and national researchers.

"It will also establish national carp-breeding programmes in Bangladesh, China, India, Indonesia, Thailand and Vietnam", the release added.

The Manila-based lender will hold regional workshops in central and South Asia to promote information sharing among the national governments and donors to focus different regional and country level programmes for the agricultural sector.

"Projects have been chosen for their sound design, innovation and relevance to emerging priorities in agriculture in Asia," said Pratima Dayal, an ADB senior agriculture specialist.